

ILLINOIS COMMERCE COMMISSION
COMMENTS ON BEHALF OF PJM INTERCONNECTION
RE: RESOURCE ADEQUACY IN MISO ZONE 4
November 30, 2017

I. Introduction

Recently the Illinois Commerce Commission (ICC) published a paper on the technical and structural background underpinning the challenges in the Midcontinent Independent System Operator (MISO) Zone 4 market located in downstate Illinois and is served primarily by Ameren Illinois. Most of northern Illinois is served by ComEd and other transmission owning members of PJM Interconnection, L.L.C. (PJM).

As the RTO for a significant portion of the State, PJM stands ready to assist in discussions of the options the ICC lays out for consideration, or other parties may suggest, and how they may involve interaction with the generation resources or the transmission system in Northern Illinois and the PJM region.

These comments summarize PJM's function in a region serving all or parts of 13 states and the District of Columbia, including northern Illinois.

II. PJM Overview

PJM manages the movement of electricity across its footprint and coordinates with neighboring grid operators, such as the MISO. PJM's core mission remains constant – keeping the lights on – which involves operating efficient electricity markets and planning for the future. PJM reliably and efficiently provides services to both regulated and deregulated states.

As a neutral, independent organization, PJM operates competitive wholesale electricity markets and manages the high voltage electricity grid to ensure reliability for over 65 million people, approximately 8 million of whom live in the ComEd service territory.

Also, PJM's long-term planning process provides a broad, interstate perspective that identifies the most effective and cost efficient improvements to the grid to ensure reliability and economic benefits on a system-wide basis.

An independent Board of Managers oversees PJM's activities. PJM's stakeholder process employs considerable interaction and collaboration among stakeholders to evolve the rules for PJM operations, planning and market functions. State public utility commissions may engage individually and through the Organization of PJM States, Inc. in the PJM stakeholder discussions and directly with PJM and the PJM Board.

III. PJM assures Reliability through Long Term Planning Processes and Markets

PJM's long term planning processes work together with the energy, ancillary services and capacity markets to assure reliability in the PJM region. PJM's Reliability Pricing Model ensures long term grid reliability by procuring through a capacity market the appropriate amount of power supply resources to meet forecasted energy demand three years in to the future, or by ensuring enough power supply resources are dedicated to meeting the forecasted energy demand through a Fixed Resource Requirement plan.

By matching power supply with future demand, PJM's capacity market creates long term price signals to attract needed investments to ensure adequate power supplies. Capacity revenues are paid to power supply resources in return for delivering electricity when needed.

Utilities and other load serving entities in both regulated and retail choice states utilize PJM's capacity market; some in regulated states utilize the Fixed Resource Requirement plan.

Under the "pay for performance" rules, capacity resources must deliver on demand during system emergencies or owe a significant payment for non-performance whether they were committed through the capacity market or via a Fixed Resource Requirement plan.

IV. Conclusion

PJM appreciates the Commission's consideration of these comments and welcomes the opportunity to discuss the ICC and other parties' suggestions for solutions to the challenges enumerated in the ICC's November 1, 2017 paper.